

Message Text

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PAGE 01 JIDDA 05291 181153Z
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 PA-01 /074 W
-----070083 190449Z /20

R 181110Z JUL 78
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 2748
INFO AMEMBASSY ATHENS
AMEMBASSY LONDON
AMEMBASSY PARIS
USDOC WASHDC

LIMITED OFFICIAL USE JIDDA 5291

E.O. 11652: NA
TAGS: EFIN, SA
SUBJECT: SAUDIS REVALUE RIYAL UPWARDS

REF: (A) JIDDA 0976 (B) 77 JIDDA 8702

1. FOR THE SECOND TIME IN FIVE DAYS THE SAUDI ARABIAN MONETARY AGENCY (SAMA) HAS REVALUED THE SAUDI RIYAL AGAINST THE DOLLAR FROM SR3.45 TO SR3.44 ON JULY 12, AND THEN TO SR3.43 ON JULY 17.

2. SAMA, ACCORDING TO LOCAL BUSINESS CIRCLES, HAS BEEN UNDER PRESSURE FROM MERCHANTS TO TAKE THIS ACTION DUE TO THE LOWER RATES PREVAILING IN THE OPEN MARKET AMONG BANKS AND MONEY CHANGERS, WHICH HAVE BEEN RANGING FROM SR3.40 TO SR3.44 RECENTLY. IT IS SIGNIFICANT TO NOTE THAT PRIOR TO THE RECENT PRESSURES ON THE DOLLAR IN WORLD MARKETS, PARTICULARLY VIS-A-VIS JAPAN AND EUROPE, PRIVATE MONEY MARKETS HERE

INVARIABLY GAVE A BETTER RATE OF EXCHANGE ON THE DOLLAR
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THAN SAMA'S OFFICIAL RATE. THIS SITUATION IS MOMENTARILY REVERSED. THE SAMA JUSTIFICATION FOR THE MOVE IS STATED AS BEING A REFLECTION OF THE DECLINE OF THE DOLLAR AGAINST IMF SPECIAL DRAWING RIGHTS (SDRS).

3. COMMENT: THE SAG HAS RESISTED REVALUATION OF THE DOLLAR FOR SOME TIME. ALL RECENT PUBLIC STATEMENTS BY

MINISTERS AND OTHERS REFLECTED A DESIRE TO PROTECT DOLLAR VALUES, NOT ONLY BECAUSE PETROLEUM RATES ARE AFFECTED IN DOLLARS, BUT BECAUSE OF THE PREPONDERANCE OF DOLLARS IN SAUDI FOREIGN EXCHANGE RESERVES. WE BELIEVE THAT THIS MOVE SIGNIFIES A SAUDI ACCOMODATION TO REALITIES. WE ANTICIPATE THAT SAMA WILL MAKE FURTHER REVALUATION IF NECESSARY, AND WITHOUT THE AGONY OF DELAY WHICH CHARACTERIZED THESE MOST RECENT CHANGES.

4. CITIBANK HAS ADVISED EMBASSY THAT ITS RATE FOR SALES OF RIYALS IS SR3.42 TO ONE DOLLAR.
WEST

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RIYAL
Control Number: n/a
Copy: SINGLE
Draft Date: 18 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
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TAGS: EFIN, SA
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